

was the youngest member of the USSR Academy of Sciences. After World War II, Sakharov worked as a theoretical physicist and received the Soviet Union's highest award three times for his scientific accomplishments in the field of thermonuclear weapons development.

By the late 1960s, however, his protests against nuclear testing and calls for greater intellectual freedom had made him a pariah to the Kremlin. The publication of his seminal essay, "Progress, Coexistence, and Intellectual Freedom," brought him international attention and respect. In 1970, Sakharov and fellow activists Valery Chalidze and Andrei Tverdokhlebov founded the Moscow Human Rights Committee to help Soviet citizens secure the rights theoretically granted to them under the Soviet Constitution. As journalist David Remnick wrote recently, "his modest apartment on Chkalova Street in Moscow seemed the moral center of an immoral empire."

In 1975, as a result of his human rights advocacy and his work toward genuine detente between the West and the Soviet bloc, Dr. Sakharov was awarded the Nobel Peace Prize. In the words of the Chairman of the Nobel Committee:

Sakharov's fearless personal commitment in upholding the fundamental principles for peace between men is a powerful inspiration for all true workers for peace. Uncompromisingly and with unflagging strength Sakharov has fought against the abuse of power and all forms of violation of human dignity, and he has fought no less courageously for the idea of government based on the rule of law. In a convincing manner Sakharov has emphasized that Man's inviolable rights provide the only safe foundation for genuine and enduring international cooperation. In this way, in a particularly effective manner, working under difficult conditions, he has enhanced respect for the values that rally all true peace lovers.

True to form, Moscow would not allow Dr. Sakharov to travel to Oslo to receive the honor. Dr. Elena Bonner, his energetic wife and partner in the human rights struggle, accepted the prize in his stead and delivered his Nobel lecture, "Peace, Progress, and Human Rights." Ironically, on the same day that Dr. Sakharov was receiving by proxy the Nobel Peace Prize, December 10, 1975, the recipient himself was in Vilnius, Lithuania attending the political trial of Sergei Kovalev, a fellow scientist and colleague in the struggle for human rights.

By 1980, the Kremlin and KGB had decided that this soft-spoken scientist who kept talking about human rights violations and political prisoners, as well as criticizing the Soviet invasion of Afghanistan, could no longer be allowed to speak his mind freely and to meet with foreign journalists. He was picked up on the streets of Moscow and, without a shred of judicial process, sent into "internal exile" in the city of Gorky about 300 kilometers east of Moscow. Even at this distance he could not be silenced, although the KGB did its best to harass him. Through Dr. Bonner, Dr. Sakharov continued to appeal for justice for the victims of human rights violations and to call on the international scientific community to work together for peace and disarmament.

By the late 1980's, however, Soviet authorities understood that the Soviet system could

not compete with the rest of the world by repressing its best minds and criminalizing dissent. In December 1986, Soviet leader Mikhail Gorbachev called Dr. Sakharov and invited him to return to Moscow "to resume his patriotic work." What Gorbachev had in mind is unclear. Nevertheless, in April 1989, in the first genuinely contested national elections since Lenin dissolved the Constituent Assembly in 1918, Sakharov was elected to the Congress of People's Deputies where he resumed his "patriotic work" advancing the ideas of liberty and human rights for the Soviet people.

Mr. Speaker, at one point during a session of the Congress of People's Deputies, General Secretary Gorbachev turned off Dr. Sakharov's microphone in an effort to silence his arguments against the privileged position of the Communist Party under the Soviet Constitution. At that time, as Co-Chairman of the Helsinki Commission, I compared Dr. Sakharov's actions with those of former President John Quincy Adams who, as a Member of the United States House of Representatives, absolutely refused to be silenced on the subject of slavery despite the existence of the so-called "gag rule."

Tragically, Dr. Sakharov succumbed to a heart attack on December 14th, 1989, eight months after his election to the Congress of People's Deputies.

Some 50,000 people, along with foreign dignitaries and fellow members of the Congress of People's Deputies, gathered at the Palace of Youth to say farewell to their hero and colleague. And, yes, the KGB was also in attendance. Chairman Kryuchkov filed a report to the Party leadership that can now be found on the Internet.

Mr. Speaker, through the kindness of Dr. Elena Bonner, today Dr. Sakharov's papers are available to researchers and the public at the Sakharov Archive at Brandeis University in Waltham, Massachusetts. This archive is an invaluable contribution to world literature on human rights and international peace, and I hope that it will find generous support from the American people.

May Dr. Sakharov's example inspire us in the years to come.

A SPECIAL PILGRIMAGE TO ITALY

HON. NITA M. LOWEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 1, 2001

Mrs. LOWEY. Mr. Speaker, the Italian American community in this nation remains deeply interested in tracing and maintaining their family connections in Italy. Each year, family members of all ages visit the small towns and villages where their loved ones lived before emigrating to the United States.

I recently became aware of one such trip by the grandson of one of the more prominent and successful Italian American families in our country: the Pope family. Paul David Pope, a successful businessman and philanthropist who lives in Florida, traveled to Italy in June to honor the memory of his grandfather, Generoso Pope Sr. While doing so, he rekindled the spirit of benevolence which his grand-

father had bestowed on the villages of Pasquarielli, Terranova and Arpaia in the southern province of Benevento.

In 1906, at the age of 15, Generoso Pope left his poor farming village and arrived in New York City with little money and a dream of success. He labored in the sand pits of Long Island for five years while going to night school. Following that, he went to work for the newly formed Colonial Sand and Stone Company and by 1926 he was the company President.

In 1928, Pope purchased *Il Progresso Italo-Americano*, the nation's largest Italian language daily newspaper. He later bought 3 other large Italian language newspapers in New York and Philadelphia.

Generoso Pope became an advocate and a champion for the new Italian immigrants who came to the United States. A patriot who helped to raise funds for the Allies War effort, Pope urged his readers to learn English, become citizens and vote. Pope later became the sponsor of the now world famous Columbus Day celebration in New York.

In 1929, Pope returned to Arpaia, Italy, with his wife and sons. He paid for a municipal power plant to bring electricity to the poor and isolated community, and in subsequent years, helped other local villages construct buildings like churches, schools and municipal structures. He also financed scholarships for worthy students.

More than 70 years later, Paul Pope followed his grandfather's path home to Arpaia, to learn more about his grandfather's impact on the small towns where he lived. Paul also emulated his grandfather by making a significant contribution to fund several urgently needed civic improvements in the town. The emotional highlight of the trip occurred when town leaders and citizens honored Paul Pope with a magnificent Festa. It came 65 years after a similar Festa was held for his grandfather. Mayor Armando Cimmino bestowed Honorary Citizenship on Paul Pope for his work and philanthropy on behalf of Arpaia. Paul Pope also received the prestigious Magna Grecia Award by the International Association of Magna Grecia and an award from the International Association of Marguttiani. Paul Pope concluded his historic visit with a private mass with His Holiness Pope John Paul II.

While in Italy, Pope announced the establishment of the Pope Medal to be presented annually to an individual who makes significant contributions in promoting their cultural initiatives, as well as his intention to sponsor an annual conference on the Italian-American experience, dedicated to the memory of his grandfather. The annual conference will be held under the auspices of the Calandra Institute of Queens College, City University of New York. The first conference will be held in 2002 and will focus on the Italian language press in America from its origins in the 19th century through today. Mr. Paul also hopes to hold additional forums at selected American colleges and universities with leading Italians in business, government, education and the arts.

Paul Pope's experience proves once again that the ties between the United States and Italy are strong and enduring. I salute Paul Pope and the distinguished Italian Americans

from New York who accompanied him on the trip including New York State Supreme Court Justice Dominic R. Massaro; Monsignor George J. Cascelli, Director Italian Apostolate of the Archdiocese of New York; Dr. Joseph Scelsa, Vice President for Institutional Development at Queens College; Maria Fosco, President of the Italian Welfare League; and Joan Migliori, Assistant Director of the City University of New York Italy Exchange Program. Paul Pope has made an important contribution to furthering cultural interactions between the United States and Italy, and I commend him for his leadership, commitment and vision.

ARTICLE BY LANCE SIMMENS AND
PAMELA CONLEY ULICH

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 1, 2001

Mr. CONYERS. Mr. Speaker, I submit the following insightful and poignant article, by Lance Simmens and Pamela Conley Ulich, from the Loyola of Los Angeles Entertainment Law Review, for publication in the CONGRESSIONAL RECORD.

"Bye, Bye Miss American pic, drove my Daimler to the movies to see a foreign-made flic; And good old actors were drinking whiskey and beer, singing this is the day we're unemployed here, this will be the day we're unemployed here."

I. INTRODUCTION

Globalization profoundly impacts traditional ways of conducting business, and the entertainment industry is not immune from the new economics drastically changing the world. Could Hollywood become "Hollyhasbeen"? Will television and theatrical motion pictures shot in the United States go the way of the American car and American-made clothing?

Runaway production has caused serious labor issues, including the dislocation of thousands of workers and jobs. In 1998, twenty-seven percent of films released in the United States were produced abroad, and an estimated 20,000 jobs were lost to foreign countries. Lower exchange rates, direct government subsidies and lower labor wages enticed American production companies to film in foreign locales. In 1998, the direct economic loss of runaway production was \$2.8 billion. When coupled with the loss of ancillary business, the losses likely totaled \$10.3 billion for 1998 alone. These losses juxtapose with the issues of free trade versus fair trade in an uneasy balance.

This article considers why many television and theatrical motion pictures targeted primarily at U.S. audiences are not made in America. It also examines the economic impact resulting from the flight of such productions. Finally, it considers possible solutions in an effort to reverse the trend.

II. THE HISTORY OF "RUNAWAY PRODUCTION"

Runaway production is not a new phenomenon. In December 1957, the Hollywood American Federation of Labor ("AFL") Film Council, an organization of twenty-eight AFL-CIO unions, prepared a report entitled "Hollywood at the Crossroads: An Economic Study of the Motion Picture Industry." This

report addressed runaway production and indicated that prior to 1949, there were an "insignificant" number of American-interest features made abroad. However, the report indicated a drastic increase in productions shot abroad between 1949 and 1957. At that time four major studios—Columbia Pictures, Inc. ("Columbia"), Twentieth-Century Fox, Inc. ("Fox"), Metro-Goldwyn-Mayer ("MGM") and United Artists, Inc. ("United Artists")—produced 314 films. Of these films, 159, or 50.6 percent, were shot outside the United States. It also revealed runaway films were shot primarily in the United Kingdom, Italy, Mexico, France and Germany. The report further identified factors that led producer to shoot abroad: 1) authentic locale; 2) lower labor costs; 3) blocked currencies; 40 tax advantages and 50 easy money and/or subsidies.

On December 1, 1961, H. O'Neil Shanks, John Lehnert and Robert Gilbert of the Hollywood AFL Film Council testified regarding runaway productions before the Education and Labor Subcommittee on the Impact of Imports and Exports on American Employment. Shanks explained to the subcommittee: "Apart from the fact that thousands of job opportunities for motion picture technicians, musicians, and players are being 'exported' to other countries at the expense of American citizens residing in the State of California, the State of New York, and in other States because of runaway production this unfortunate trend . . . threatens to destroy a valuable national asset in the field of world-wide mass communications, which is vital to our national interest and security. If Hollywood is thus permitted to become 'obsolete as a production center' and the United States voluntarily surrenders its position of world leadership in the field of theatrical motion pictures, the chance to present a more favorable American image on the movie screens of non-Communist countries in reply to the cold war attacks of our Soviet adversaries will be lost forever."

John "Jack" L. Dales, Executive Secretary of the Screen Actors Guild ("SAG"), and actor Charlton Heston also testified before this subcommittee. Dales stated: "We examined and laid out, without evasion, all the causes [of runaway production] we knew. Included as impelling foreign production were foreign financial subsidies, tax avoidance, lower production costs, popularity of authentic locale, frozen funds—all complex reasons. We urged Congressional action in two primary areas: 1) fight subsidy with subsidy. Use the present 10 percent admissions tax to create a domestic subsidy; 2) taxes . . . We proposed consideration of a spread of five or seven years over which tax would be paid on the average, not on the highest, income for those years."

Despite these impassioned pleas, runaway production has continued to grow in importance, scope and visibility. Today it ranks among the most critical issues confronting the entertainment industry. The issue received increased attention in June 1999, when SAG and the Directors Guild of America ("DGA") commissioned a Monitor Company report, "The Economic Impact of U.S. Film and Television Runaway Production" ("Monitor Report"), that analyzed the quantity of motion pictures shot abroad and resulting losses to the American economy. In January 2001, concerns over runaway production were addressed in a report prepared by the United States Department of Commerce. The eighty-eight page document ("Department of Commerce Report") was produced at the request of a bipartisan congressional group.

Like the Monitor Report, the Department of Commerce Report acknowledged the "flight of U.S. television and cinematic film production to foreign shores." Both reports quantify the nature and depth of the problem and warn of further proliferation if left unchecked.

Additionally, the media is bringing the issue of runaway production to the attention of the general public. Numerous newspaper articles have focused on the concerns cited in the Monitor Report.

For example, in *The Washington Post*, Lorenzo di Bonaventura, Warner Bros. president of production, explained the runaway production issue as follows: "For studios, the economics of moving production overseas are tempting. The Matrix cost us 30 percent less than it would have if we shot in the United States. . . . The rate of exchange is 62 cents on the dollar. Labor costs, construction materials are all lower. And they want us more. They are very embracing when we come to them."

Di Bonaventura indicated Warner Bros. received \$12 million in tax incentives for filming *The Matrix* in Australia. This is a significant savings for a film that cost approximately \$62 million to produce.

III. CAUSES OF RUNAWAY PRODUCTION

In the Department of Commerce Report, the government delineated factors leading to runaway film and television production. These factors have contributed to the "substantial transformation of what used to be a traditional and quintessentially American industry into an increasingly dispersed global industry."

A. VERTICAL INTEGRATION: GLOBALIZATION

Vertical integration is defined by the International Monetary Fund as "the increasing integration of economics around the world, particularly through trade and financial flows." The term may also refer to "the movement of people (labor) and knowledge (technology) across international borders."

Consequently, companies must now be productive and international in order to profit. Because companies are generally more interested in profits than in people, companies are often not loyal to communities in which they have flourished. Instead, they solely consider the bottom line in the process of making business decisions.

Columbia is an excellent example of the conversion from a traditional U.S.-based company to a global enterprise. Columbia began in 1918 when independent producer Harry Cohn, his brother Jack and their associate Joe Brandt, started the company with a \$100,000 loan. In 1926, Columbia purchased a small lot on Gower Street in Hollywood, California, with just two sound stages and a small office building. In 1929, Columbia's success began when it produced its first "talkie" feature, *The Donovan Affair*, directed by Frank Capra, who would become an important asset to Columbia. Capra went on to produce other box office successes for Columbia such as *You Can't Take It With You* and *Mr. Smith Goes to Washington*.

In 1966, Columbia faced a takeover attempt by the Banque de Pan's et de Pays-Bas, owner of twenty percent of Columbia, and Maurice Clairmont, a well-known corporate raider. The Communications Act of 1934 prohibited foreign ownership of more than one-fifth of an American company with broadcast holdings. The Banque de Pan's could not legally take over Columbia because one of Columbia's subsidiaries, Screen Gems, held a number of television stations. In 1982, the Coca-Cola Company purchased Columbia.